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FM AMCONSUL LAGOS
TO RUEHC/SECSTATE WASHDC PRIORITY 7551
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RUEHUJA/AMEMBASSY ABUJA PRIORITY 7526
RUEHAR/AMEMBASSY ACCRA PRIORITY 1243
RUEHDS/AMEMBASSY ADDIS ABABA PRIORITY 0157
RUEHBS/AMEMBASSY BRUSSELS PRIORITY 0361
RUEHDK/AMEMBASSY DAKAR PRIORITY 0776
RUEHRO/AMEMBASSY ROME PRIORITY 1099
RULSDMK/DEPT OF TRANSPORTATION WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000962

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STATE PASS FAA FOR ACONLEY,
TRANSPORTATION FOR FAA
DAKAR PLEASE PASS TO FAA REP ED JONES; ROME PLEASE PASS TO
TSA REP JOHN HALINSKI

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E.O. 12958: DECL: 07/10/2016
TAGS: FAIR EINV PREL NI
SUBJECT: ARIK AIR - POLITICS TAKES WINGS

Classified By: Consul General Brian L. Browne
for reasons 1.4 (D).

¶1. (C) Summary. Arik Air, financed by Rivers State Governor Peter Odili, is set to begin regional and international operations July 29. Aviation Ministry officials and competitor private airline executives claim the airline has the political and financial clout to become Nigeria's second national carrier. Arik apparently has Obasanjo's blessing and has linked with capable technical partners necessary to turn it into a leading domestic airline. End summary.

¶2. (C) Arik Air Chairman Joseph Arumemi-Johnson is a close friend to Rivers State Governor Peter Odili, and the owner of Rockson Engineering, the engineering procurement and construction company that built the Omoku Power Plant in Rivers State. Arumemi-Johnson is a major customer of General Electric (GE) Nigeria, having purchased several turbines for Rivers State Government Power Plants Project in TransAmadi, Eleme, and Omoku. Arik was able to purchase the dormant Lagos facilities of the moribund Nigerian Airways through the support of the Obasanjo administration, according to GE representatives. Industry experts claim Arik has invested between USD 60-100 million in its airline venture and is expected to invest more as the airline begins full operations.

¶3. (C) Boeing Representatives who recently visited Arik facilities said current investment in the airline could easily exceed USD 200 million. Boeing Nigeria Field Service Representative Jeffrey Richards said Arumemi-Johson visited Boeing in Seattle, Washington two weeks ago to discuss leasing Boeing 747-400s and Boeing 787s, airplanes that can cost USD 500,000 per month per carrier to lease. GE Nigeria Managing Director Adewale Audifferen told Econoff on July 5 that the airline was financed by various investors in Rivers State, including the state governor. Ojemai Investments in Port Harcourt, Rockson International in British Virgin Islands, and Hansworth Limited in the UK, are the various private investment arms Johnson controls and is using to finance his venture.

¶4. (C) Audifferen told Econoff on July 5 that Governor Odili had approached him last year about starting a new airline.

Since then, Arik has acquired the assets of Nigerian Airways, established check-in counters in Lagos, Abuja, and Port Harcourt airports, purchased two Bombardier CRJ900s, three CRJ200s, and two Boeing 737s. In the initial phase of operations, the airline planned to have daily flights from Lagos for regional and international destinations. Arik has scheduled to fly daily domestic flights to Abuja, Port Harcourt, Enugu, Benin, Kaduna, Kano, Maiduguri, and Jos. For its international operations, it planned to fly twice daily to Accra, and once daily to Dakar and Malabo. Arik was completing an aircraft hangar in Lagos capable of enclosing an Airbus A380, according to aviation officials.

15. (C) Arik could become Nigeria's second national air carrier after Virgin Nigeria (VN) because it has the requisite capital base and more importantly, the political blessing of the current Administration according to Nigerian Civil Aviation Authority (NCAA) Director General Harold Demuren. Arik had an Air Operating Certificate (AOC), a prerequisite to begin flight operations, and has partnered with Canadian company Bombardier for technical support. The Canadians recently established a Consulate in Port Harcourt in anticipation of more Canadians in the area due to Arik's partnership with Bombardier, according to a non-voting executive board member of Virgin Nigeria.

16. (C) Nigerian Airspace Management Agency (NAMA) Roland Iyayi confirmed Arik would begin flights July 29. He claimed Arik still needed to train staff and hire qualified managers, but that it was hiring international partners to manage the company. Iyayi believed that because the Obasanjo Administration supported Arik, the airline company would not encounter the same fate as Slok Airlines owned by Abia State Governor Kalu Orji or Albarka Airlines owned by former Lagos State Military Administrator Brigadier-General Mohamed Marwa. Slok had its license revoked two years ago while Albarka has

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been grounded indefinitely.

17. (C) Comment. Although it has not had its maiden voyage, Arik already is creating turbulence among the domestic airline companies. Its ability to navigate the bureaucratic process so quickly can be attributed to Governor Odili's closeness to the President. But the aviation environment in Nigeria requires more than political will and financial capital. Arumemi-Johnson has no experience running an airline, and questions remain regarding Arik management's ability to steer the company toward air safety and profitability. Despite the advantageous positioning of the airline, it is too early to predict this will become a successful airline venture. End comment.

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